

Center for Health Information and Analysis

COMMUNITY HEALTH CENTER

COST REPORT INSTRUCTIONS

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

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CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

FILING REQUIREMENTS

Pursuant to Regulation 114.3 CMR 4.00: Rates for Community Health Centers (CHCs).

Clinics that provide comprehensive ambulatory services and are not financially or physically part of a hospital are required to report financial and statistical data to the Center for Health Information and Analysis on an annual basis. Such data must reflect activity for the twelve months of a community health center's fiscal year.

Eligible providers of CHC services are CHCs which meet the conditions of participation that have been or may be adopted by a governmental unit purchasing CHC services, or by purchasers under the Workers' Compensation Act (Reg. 114.3 CMR 40:00).

AUTOMATIC RECALCULATION

The General Ledger lines and columns will be set up with formulas with automatic recalculation. When a new number is input into a cell the program will recalculate those cells within the formula. Occasionally, when changing values or saving the file too quickly before the recalculation takes place, the automatic recalculation can create invalid values. This can be corrected by changing a value to 0 and then replacing it with the correct value.

REQUIRED SCHEDULES

The following forms are to be completed by eligible CHCs and certified by an authorized center representative:

General Information

Schedule A	Staffing Information
Schedule B RG	Statement of Basis of Allocation for Restricted Funding
Schedule B UG	Statement of Unrestricted Funding
Schedule BS	Statement of Basis of Allocation for Restricted and Unrestricted Funding - Summary
Schedule B1	Patient Revenue Worksheet
Schedule B2	Statement of Revenue- Statement of Income
Allocate	Allocation of Schedule D1 & D2 Expenses
Schedule D	Statement of Operating Expenses- Summary
Schedule D1	Statement of Operating Expenses- Detail Non-Wage
Schedule D2	Statement of Operating Expenses- Detail of Line 59
Schedule F	Statistical Information
Reconciliation 1	Revenue and NPSR
Reconciliation 2	Expense and Salaries

In order to assist you in filling out the reporting forms, the attached material provides general instructions as well as detailed explanations of:

- COST CENTERS
- ALLOCATION BASES
- LINE ITEM EXPENDITURES

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

Where specific instructions are not provided the forms and line items are self-explanatory and can be completed through the application of routine accounting practices. Where interpretation of any item on the report is in question, apply the Principles of Medicare Cost Reporting, or contact CHIA for additional assistance.

GENERAL INSTRUCTIONS FOR COMPLETING COST REPORT

GENERAL INFORMATION

On this form the Community Health Center should enter the following information. This information, once entered on this schedule, will carry forward to subsequent schedules as they load.

ORG ID

Organization ID Number automatically loads

CLINIC NAME

Automatically loads, contact CHIA if changes are needed

FISCAL YEAR ENDING

Enter using a 4 digit year date format. EXAMPLE: MM/DD/YYYY

ADDRESS

Automatically loads, contact CHIA if changes are needed

CITY

Automatically loads, contact CHIA if changes are needed

STATE

Automatically loads, contact CHIA if changes are needed

ZIP

Automatically loads, contact CHIA if changes are needed

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

MEDICARE PROVIDER NUMBER

Enter Medicare provider number.

The cell has an input mask, which will help format your entry. If entry is less than 9999 as it will be formatted as 22NNNN, if greater than 229999 it will be formatted as 2CNNNNSNNN.

FEIN

Enter your Federal Employers Identification Number. The cell has an input mask which will format your entry: As NNN-NN-NNNN.

TELEPHONE NUMBER

Enter phone number. The cell has an input mask which will format your entry: (NNN) NNN-NNNN

FAX NUMBER

Enter FAX number. The cell has an input mask which will format your entry: (NNN) NNN-NNNN

EMAIL

Enter the Email address of your primary cost report contact.

EXECUTIVE DIRECTOR

MEDICAL DIRECTOR

FINANCIAL MANAGER

FSTNAME

Enter first name ONLY.

MDLNAME

Enter middle name OR middle initial without punctuation.

LSTNAME

Enter last name OR last name and ", " and suffix i.e. Jr., Sr., III, etc. Include comma after last name and period after suffix if required.

OPTIONAL COST CENTERS

Enter the titles of such other cost centers that represent programs run by your agency that are not adequately categorized by the existing cost centers (ex. Elder Service Program, Detox)

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE A: STAFFING INFORMATION

NORMAL WORK WEEK HOURS

Number of Hours considered a full workweek for hourly employees.

COLUMNS: COUNT

The actual number of staff/persons for each category.

The amount should be reported in whole numbers.

COLUMNS: UNITS OF SERVICE

All units of service provided by professionals for which a unit of reimbursement has been established. The following instructions shall apply:

Medical	All Nurse, Midlevel Provider, and Physician medical encounters.
Laboratory	All lab procedures based on procedure codes listed within 114.3 CMR 20.00
X-Ray	All radiology procedures.
Pharmacy	All prescriptions dispensed via an on-site or off-site 340B pharmacy. On-site 340B pharmacies should report prescriptions on Line 16, Pharmacists. <u>Off-site 340B pharmacies should report prescriptions on Line 27, Purchased Direct Medical – Other.</u> NOTE: Off-site 340B pharmacies are not capturing their off-site costs on Line 27, only the prescriptions.
Dental	There are two columns for unit of service data. All visits with dental personnel. All procedures performed by dental personnel. <u>NOTE: Visits are encounters with dental personnel (a dentist and/or hygienist). One visit can involve an encounter with a hygienist, a dentist, or both. One visit can have multiple billable procedures.</u>
Mental Health	All clinician encounters. If the mental health program is certified, list the number of certified encounters.

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE A: Continued

COLUMNS: FTE

Total Full-Time Equivalents.

COLUMNS: DOLLARS

Total dollars spent on employees under the appropriate position category.

STAFFING CATEGORY

Positions are arranged in HORIZONTAL ROWS and are listed below.

LINE (1):	Medical Doctor
LINE (2):	Medical Resident
LINE (3):	Dentist
LINE (4):	Hygienist
LINE (5):	Psychiatrist
LINE (6):	Podiatrist

STAFF medical doctors, medical residents, dentists, psychiatrists, and podiatrists.

LINE (7): Administration

Executive Director, Assistant Director, Fiscal Director, Staff Accountant, etc. This item includes the professional management staff of the center as well as all other persons who spend 100% of their time in the administrative area.

LINE (8):	Nurse Midwife
LINE (9):	Physician's Assistant
LINE (10):	Nurse Practitioner
LINE (11):	Midlevel - Other

All professional personnel who act independently of a physician. Other Midlevel personnel include Optometrists, Therapists, or Audiologists.

LINE (12):	RN
LINE (13):	LPN

Registered Nurses & Licensed Practical Nurses.

LINE (14):	Clinical Psychologist
LINE (15):	L.I.C.S.W

Clinical Psychologist (doctorate-level) and Licensed Social Worker.

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE A: Continued

LINE (16): Pharmacists

Staff pharmacists working within the on-site 340B pharmacy.

LINE (17): Registered Dietitian

LINE (18): Tobacco Cessation Counselor

LINE (19): Technical Providers

Personnel who provide supporting assistance to physicians and dentists (nurses excepted) and all professional and formally trained technical personnel such as nutritionists, social workers (not licensed), counselors, dental hygienists laboratory technicians and X-Ray technicians.

LINE (20): Aides, Outreach Personnel

Personnel who provide ancillary care including X-ray Assistants, Laboratory or Medical Assistants, Dental Assistants, Pharmacy Aides, Community Aides, and Family Health Aides.

LINE (21): Clerical & Support Staff

All staff who provide support directly in the medical area or in part to several functional areas, including Administration, e.g., receptionists, billing clerks, registration clerks and drivers.

LINE (22): Medical Records Personnel

Medical Records Librarians, technicians or clerks.

LINE (23): Maintenance/Housekeeping

All custodial and maintenance personnel.

LINE (24): Donated Salaries Medical Doctor

LINE (25): Donated Salaries Other

Personnel providing direct and/or administrative services in the center as allowed under Medicare guidelines for unpaid workers.

LINE (26): Purchased Direct Medical- Medical Doctor

LINE (27): Purchased Direct Medical- Midlevel

LINE (28): Purchased Direct Medical- RN

LINE (29): Purchased Direct Medical- Other

Purchased medical from outside vendors or agencies not in the employ of the center, such expenditures being identified with a specific cost center. Contracted personnel should be considered under these line items.

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE B RG: STATEMENT OF BASIS OF ALLOCATION FOR RESTRICTED FUNDING

RESTRICTED FUNDING

Grants, Gifts, Contributions, Bequests, Fund Principal, or Endowment Balances, or any income used to defray allowable operating costs. Cost reimbursement and negotiated rate contracts are included, NO Capital Grants.

Income is considered to be RESTRICTED if it has been designated for a specific purpose or program or time period by the GRANTOR and it cannot be used for purposes and programs or time periods other than those designated.

GRANT CATEGORY

List RESTRICTED Funding by Grant Category.	
1	Federal
2	State – Cost Reimbursement Contracts
3	State-Unit Rate Contracts
4	Local
5	Private
6	Donated

GRANT/GIFT/DONATION

List and describe RESTRICTED Funding by source and purpose (DPH – TB Control Grant, Ryan White, etc.). Each entry should be on a separate line and additional sheets should be included if more space is needed (hardcopy ONLY).

GENERAL LEDGER

List the total income for each entry.

ADMINISTRATION

List the income totally restricted to the payment of administrative expenses for the entire center. Funding for administrative expenses in specific cost centers should be allocated directly to those cost centers.

Allocated RESTRICTED Funding

Allocate RESTRICTED funding to the appropriate cost centers based on the terms and conditions of funding restrictions.

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE B UG: STATEMENT OF UNRESTRICTED FUNDING

UNRESTRICTED FUNDING

Grants, Gifts, Contributions, or any income used to defray allowable costs, not including Operating costs.

Income is considered to be UNRESTRICTED if it has **NOT** been designated for a specific purpose or program or time period by the GRANTOR and it cannot be used for purposes and programs or time periods other than those designated.

GRANT CATEGORY

List UNRESTRICTED Funding by Grant Category.	
1	Federal
3	State-Unit Rate Contracts

NOTE: Local and Private UNRESTRICTED funding are entered directly into Schedule B2.

GRANT/GIFT/DONATION

List and describe UNRESTRICTED Funding by source and purpose. Each entry should be on a separate line and additional sheets should be included if more room is needed (hardcopy ONLY).

GENERAL LEDGER

List the total income for each entry.

SCHEDULE B1: PATIENT REVENUE WORKSHEET

ACCOUNTS RECEIVABLE BEGINNING THIS PERIOD

The collectable amount due the center at the beginning of a reporting period from patients and/or third party payers for services rendered. The beginning balance for this period **MUST** equal the previous year's ending balance.

FULL CHARGES AND PREMIUMS DURING THIS PERIOD

The GROSS charges or premiums as established by the center for the particular types of services rendered. Charges or premiums should be calculated on a 100% pay basis prior to any adjustments and reasonably related to operating costs.

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE B1: Continued

AMOUNT COLLECTED DURING THIS PERIOD

Cash collected during this period for all services regardless of when those services were performed.

ADJUSTMENTS

Accounting transactions reflecting the difference between the full charges or premiums recorded and the amount actually collected or expected to be collected in the near future.

Adjustments are classified by type according to the characteristics of the transaction.

D1: Disallowances and Reductions (CONTRACTUAL ADJUSTMENTS)

The differences between the center's customary charges and the amount ALLOWED by third party payers for billed services.

D2: Adjustments Free Care

Reductions to full charges, or to the amounts transferred to patient fees/premiums from third party payers, based on the center's sliding payment scale adjustments.

D3: Bad Debt Write-Off

The amount of NET charges (gross charges less disallowances and reductions, and/or sliding payment scale adjustments) which are not expected to be collected.

D4: Other Adjustments

Any other type of adjustments such as recovery of bad debt policy and staff discounts, free staff immunizations, etc.

ACCOUNTS RECEIVABLE AT END OF THIS PERIOD

The collectable amount due the center at the end of a reporting period from patients and/or third party payers for services rendered. This amount represents:

= (Beginning Receivables + Charges/Premiums) LESS (Amount Collected + Contractual Allowances + Free Care + Bad Debt + Other Adjustments)

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE B1: Continued

PAYER CLARIFICATIONS:

Line (2): MASSHEALTH – FEE FOR SERVICE / PCC PLAN

Claims revenue for PPC Plan members and other MassHealth FFS members paid directly by MassHealth.

Line (3): MASSHEALTH – MCO

Neighborhood Health Plan, Boston Medical Center HealthNet Plan, Network Health and Fallon Community Health Plan.

Line (11): COMMERCIAL / PRIVATE THIRD PARTIES

Neighborhood Health Plan (**COMMERCIAL MEMBERS ONLY**), Blue Cross / Blue Shield, Tufts Health Plan, etc. Funding reported, on FY03 CHC cost reports and earlier versions, as OTHER THIRD PARTIES – GOVERNMENT, including out-of-state Medicaid, should be included here.

Line (12): PATIENTS FEES / SELF PAY

All bills paid for by the patient and all co-payments for third party payers paid for by the patient. It also includes any patient payments towards partial free care.

TOTAL MEDICAL VISITS

Total number of patient visits for the purpose of prevention, diagnosis, and treatment of physical illness including routine family health care such as internal medicine, family medicine, pediatrics, OB/GYN, and medical specialists. This category does not include visits with Podiatrists, Ophthalmologists, Optometrists, Therapists, or any other providers reimbursed under regulations other than Regulation 114.3 CMR 4.00: Rates for Community Health Centers. The medical visits should be broken out by third-party payer.

TOTAL ALL VISITS

Total number of patient encounters for all services provided by the center (including VISITS listed in column F). The total visits should be broken out by third party payer.

SCHEDULE B2: STATEMENT OF REVENUE

On Schedule B2, under Third Party Revenues, report Net Patient Service Revenue by payer.

Total Net Patient Service Revenue must agree with the Financial Statement.

The sum of **the Restricted Grants, the Unrestricted Grants and the Contract Revenue** must tie to the total Grant and Contract Revenue reported on the Financial Statements.

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

Total Revenue MUST agree with the Financial Statements.

SCHEDULE D: STATEMENT OF EXPENSE

Schedule D details the cost centers, allocation bases, and line item expenditures for the entire Community Health Center. Specific Instructions are available for:

COST CENTERS

LINE ITEM EXPENDITURES

DONATED SPACE / SALARIES / SERVICES

COST CENTER

A specific program, service, or activity which can be separated from others within the organization based on its unique staffing, equipment, or facility needs. This separation permits the segregation or allocation of costs to one area or another based on each area's utilization of the organization's resources. This separation is sometimes referred to as departmental accounting. Column (C), General Ledger (GL) should include the costs for ALL cost centers, columns (D) through (V).

The Cost Centers used in this report are arranged in Vertical Columns, and are listed below.

Administration
Medical
Urgent Care
Residency Medical
Residency Urgent Care
School Based Health
Clinic Laboratory
X-Ray
Pharmacy
Dental
Mental Health
Support Social Services
Support Other
Wellness
Family Planning
WIC
Other Input 1
Other Input 2
Other Input 3

A detailed definition of each cost center used on this report is provided below.

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE D: Continued

Cost Center

Administration

Expenditure for administration salaries, other direct administrative costs and general overhead costs. Also expenditures for administrative services of professional provider staff that spend less than 100% of their time performing administrative services provided that such services apply to the total community health center program. Professional provider cost allocations to the administrative cost center must be within the line item salary expense for that category of provider.

Where a professional provider assumes administrative or supervisory functions for one area only, such as medical or social service, the costs associated with these functions should be included in that cost center as part of the line item salary expense for that category of provider.

Similarly, where a professional provider assumes administrative or supervisory functions for more than one area, but not for the total center, the costs for these functions should be allocated according to hours of service in the respective areas as part of the salary expense for that category of provider.

Medical

Expenses incurred in the provision of direct care services for the prevention, diagnosis, and treatment of physical illness, including routine family health care such as internal medicine, family medicine, pediatrics and OB/GYN, and the cost of medical specialists.

Urgent Care

Expenses incurred in the provision of medical services required “promptly” to prevent impairment of health due to symptoms that a prudent lay person would believe to require medical attention. Urgent Care does not include elective, emergency, or primary care.

Residency

Residency Program expenses incurred in the provision of services for the prevention, diagnosis, and treatment of physical illness, including routine family health care such as internal medicine, family medicine, pediatrics and OB/GYN, and the cost of medical specialists.

Residency Urgent Care

Residency expenses incurred in the provision of medical services required “promptly” to prevent impairment of health due to symptoms that a prudent lay person would believe to require medical attention. Urgent Care does not include elective, emergency, or primary care.

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE D: Continued

School Based Health Clinic

Expenses incurred a School Based Health Clinic in the provision of services for the prevention, diagnosis, and treatment of physical illness, including routine family health care such as internal medicine and family medicine.

Laboratory

Expenditures for all laboratory services (excluding dental lab services).

X-ray

Expenditures for X-ray diagnosis and treatment services (excluding dental X-ray services).

Pharmacy

Expenditures for a 340B pharmacy operating on-site within a CHC or off-site by a contractual agreement with a retail pharmacy. Expenses attributable to off-site contractual agreements should be accounted for on Line 43, Purchased Other Direct Service.

NOTE: The pharmacy cost center must tie out to the 340B Quarterly Cost Reports submitted for that same fiscal year.

Dental

Expenditures for providing dental services, including laboratory and X-ray.

Mental Health

Expenditures for any mental health services certified for reimbursement under Regulation 114.3 CMR 6.00 should go under this cost center. Noncertified mental health programs should report only Psychiatrists costs and associated costs for support personnel. Psychologists, LICSW and associated indirect costs working for centers uncertified for mental health should appear under Support Social Services.

Support: Social Services

Expenses incurred for social counseling activities and other social and community services which assist primary care patients in meeting family and community needs related to health care.

Noncertified mental health programs should report their costs in this cost center. NOTE: Mental health or substance abuse services provided by licensed programs should be a separate cost center.

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE D: Continued

Support: Other

Expenses for patient related support services, other than social services and nutrition, such as patient transportation, and third party translation during a medical encounter. A separate attachment identifying or describing such programs must accompany the cost report.

NOTE: Medical staff time that is associated with patient visits, but is not considered to be direct care, should be allocated within this cost center. **NOTE:** These costs are added back for cost analysis.

For centers filing electronically, record the expenses for each of these programs, and total the line items and columns. The totals for each line item should then be entered in this cost center.

Wellness

Expenses for medical nutrition therapy, diabetes self-management therapy, and tobacco cessation counseling in support of the medical treatment plan. Do not include WIC expenses in this column. WIC should be included in its designated cost center.

Family Planning

- (A) Expenditures for certified family planning programs reported on appropriate line items when staff is on center payroll. If personnel are provided to the center on a contractual basis, expenditures by such personnel should be included on lines 26, 27 and 28 "Purchased Direct Medical Salaries."
- (B) Expenditures for noncertified family planning programs should be reported as follows:
 - (1) Expenditures for that portion of the programs, not covered by direct grant support, should be included on appropriate line items when staff is on center payroll. If personnel are provided to the center on a contractual basis, expenditures for such personnel should be reported on lines 26, 27 and 28 "Purchased Direct Medical Salaries."
 - (2) Direct Grant Support, i.e., services furnished at no direct cost to the center, reported on line 62, "Other" and recovered on line 40 "Applied Grants, Gift and Donations."

Women, Infants and Children (WIC)

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE D: Continued

All Other Programs

Expenses for the provision of all other services that the center provides. Please label the name of the “other” program(s) on the General Information tab and provide background on services included.

Centers participating in the MassHealth program or providing services for which CHIA has established a rate separate from your center's Medical Visit Rate should use this column to report the costs associated with these programs. In the event that your center has more than one of these programs, enter the next one on Input 2 and Input 3.

Allocation Basis

When appropriate, please designate which basis for allocation was utilized for allotting specific line items expenditures. See the “Allocate” section below for description of drop down options and the allocation methodologies.

SCHEDULE D: STATEMENT OF EXPENSE - LINE ITEMS FOR EXPENDITURES

Line Item Expenditures are specific expenses which are unique or different from all other expenses. The Line Items on Sch D are in HORIZONTAL ROWS and are listed below.

Line No.	Description (Column B)
1 - 29	Salary expenditures
30	Accrued Salary
31	SUB-TOTAL Lines 1 through 30
32	Payroll Taxes
33	Employee Benefits
34	SUB-TOTAL Lines 31 + Line 32 + Line 33
35	SUB-TOTAL From Sch D1-Line 61
36	TOTAL Operating Expense
37	Applied Admin G/G/D
38	NET OPERATING EXPENSE
39	Administrative Allocation
40	All Other Applied G/G/D
41	ACTUAL OPERATING EXPENSE

A detailed definition of each line item expenditure used on this report is provided below.

Item	Description
LINE (1 – 29):	Salary expenditures

Staff descriptions as described within Schedule A, Staffing Information.

LINE (30):	Accrued Salary
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CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE D: Line Items Continued

Item	Description
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LINE (31):	SUB-TOTAL LINES 1 through 30
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LINE (32):	Payroll Taxes
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Expenditures for taxes arising directly out of payment of wages, i.e., FICA, Mass. Unemployment taxes and Federal unemployment taxes.

LINE (33):	Employee Benefits
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Expenditures for employee life, health and disability insurance, retirement plans, tuition and/or transportation reimbursement, and all other benefits provided for or to the center's employees.

LINE (34):	SUB-TOTAL Lines 31 + Line 32 + Line 33
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LINE (35):	SUB-TOTAL From Sch D1 – Line 61
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LINE (36):	TOTAL – Operating Expense
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LINE (37):	Applied Administrative Grants/Gifts/Donations
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The total amount of restricted grants or gifts and imputed values for facilities and personnel services reported under the administration cost column. These costs must be covered before allocating administrative expenses to cost centers.

LINE (38):	NET OPERATING EXPENSE
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Administrative Expenses minus Recovered Grants, Gifts and Donations specified on Line 37.

LINE (39):	Administrative Allocation
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Allocation of total administrative expenses indicated on Line 38, (Net) on the basis of the percentages of total operating costs for each cost center as indicated on Line 36 (Total Operating Expenses). Percentages are determined on Schedule D.

LINE (40):	All Other Applied Grants/Gifts/Donations
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The total amounts of restricted grants, gifts and imputed values for facilities and personnel services reported for each cost center other than administration. Line 38 is the total operating expense for all cost centers, minus recovered grants, gifts and donations.

LINE (41):	ACTUAL OPERATING EXPENSE
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CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE: ALLOCATE

When the appropriate proportion of a particular expense can be identified as applying **ONLY** to a particular cost center(s), that expense may be allocated directly to that cost center(s) based on the knowledge of the proportion of expense which applies to each cost center.

When the appropriate proportion of a particular expense **CANNOT** be identified as applying **ONLY** to a particular cost center(s), or the proportion of the expense applied to a particular area of the clinic is unknown, that expense must be **ALLOCATED** across the cost centers to which it applies.

The following allocation bases are used in this report.
Square Feet, Unit of Service, Direct and Other (Describe).

By using the drop down menu on the Input Allocation schedule you can choose the allocation methodology that will be use by the health center.

SQUARE FEET:

To allocate the appropriate proportion of occupancy related expense (Rent, Mortgage Interest, Maintenance Expense, Building Depreciation, Utilities, etc.) to each cost center.

Allocations using this method are calculated by dividing the square footage each cost center occupies by the total square footage for the clinic; the resulting percentage is then multiplied by the expense in question.

UNIT OF SERVICE:

Allocations using this method are calculated by determining the amount of salaries in each cost center; dividing that by the total amount of staff salaries; and multiplying the resulting percentage by the total line item expenditure.

DIRECT EXPENSE:

Allocations using this method are calculated by dividing the expense for each cost center (except Administration) by the Total Operating Expense for the clinic (less the Administrative Expense); and multiplying the resulting percentage by the Total Administrative Expense.

OTHER (DESCRIBE):

If using another allocation method, please describe.

Allocation Calculator

There will be an automatic flow of information from the Input Schedule where you choose the methodology to use from the drop down menu and input the statistics to be used for the stepdown of allocation of expense. The data should correspond to the departments for which data is reported on Schedule D. Information reported on the Input Schedule will flow into the allocation schedule.

On the allocation schedule the health center will report the expenses to allocate which will then be spread on each line and will flow directly into Schedule D1 (Statement of Operating Expenses – Detail Non-Wage)

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

LINE ITEMS FOR D1: STATEMENT OF OPERATING EXPENSE – NON-WAGE

No Input – Schedule D1 is self calculating from links.

42	Purchased Indirect MEDICAL Service
43	Purchased Other DIRECT Service
44	Purchased Other INDIRECT Service
45	Donated Services
46	Medical Supplies
47	Stationary and printing supplies
48	Maintenance
49	Facility Rent
50	Utilities
51	Other Taxes
52	Legal
53	Accounting
54	Insurance
55	Interest Expense
56	Depreciation Building
57	Depreciation Equipment
58	Donated Space
59	SUB-TOTAL FROM SCH D2-Line 62
60	(LESS) OFFSET TO EXPENSES
61	TOTAL SCHEDULE D1

SCHEDULE D1: STATEMENT OF OPERATING EXPENSES– NON-WAGE

For Schedule D1 use the allocation schedule to input statistics and use the drop down menu to show the methodology used for example square feet, units of service, direct and other (describe). Information provided in the statistics Schedule will be an automatic feed into D1.

LINE (42): Purchased Indirect Medical Services

Expenditures for purchased medical services which cannot be identified within a single cost area and must be allocated according to the most appropriate method.

LINE (43): Purchased Other Direct Services

Expenditures for purchases, other than medical (e.g., housekeeping, security), from outside vendors or agencies not in the employ of the community health center, such expenditures being identified with a specific cost center. Contracted personnel should be considered under this line item, except for accounting and legal expenses.

NOTE: Off-site 340B pharmacies expenses should be entered here.

LINE (44): Purchased Other Indirect Services

Expenditures for purchases other than medical which cannot be identified within any single cost area and must be allocated according to the most appropriate method.

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE D1: Continued

LINE (45): Donated Services

The imputed value of non-personnel indirect services such as computer services, supplies, etc., as allowed under the Medicare guidelines for donated services.

LINE (46): Medical Supplies

Expenditures and the value of Donated Materials for consumable medical supplies having expected lives of less than one year.

LINE (47): Stationary and Printing Supplies

Expenditures for administrative supplies which are consumable items having expected lives of less than one year.

LINE (48): Maintenance

Expenditures for supplies related to housekeeping functions.

LINE (49): Facility Rent

Expenditures for rent for facilities only. Rent expenses for equipment should be charged to Other Purchased Services. Office equipment rent should be charged to Stationary and Printing. Rental and leasehold expenses should be included as a reasonable operating cost to the extent of prevailing rentals for comparable properties in the area, as determined by the CHIA, and provided the expenses do not exceed the amount which would be allowable if the provider owned the facilities and were taking the allowable depreciation.

LINE (50): Utilities

Expenditures for items such as gas, electricity, fuel and water.

LINE (51): Other Taxes

Expenditures for all taxes other than payroll taxes.

LINE (52): Legal

Expenditures for necessary legal expenses incurred by a provider in matters directly related to the provision of adequate patient care.

LINE (53): Accounting

Expenditures for reasonable and necessary accounting, computer processing and auditing expenses incurred by a provider in matters directly related to the provision of adequate patient care.

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE D1: Continued

LINE (54): Insurance

Expenditures for items of insurance, such as Workers' Compensation, fire liability, bonding and malpractice insurance purchased by the center.

LINE (55): Interest Expense

Expenditures for necessary and proper interest on both current and capital indebtedness.

LINE (56): Depreciation – Building

An allowance for the depreciation of buildings based on accepted accounting principles using the original acquisition cost and/or donated value of assets whose title is held by the center.

Depreciation should be calculated in conformance with the recommendations of the AICPA Audit and Depreciation Guidelines for non-for-profit organizations.

Leasehold and/or building improvements must be prorated over the life of the lease or the balance of the estimated life of the buildings as recommended by the Audit and Depreciation Guidelines for non-for-profit organizations, but in no case should exceed a rate of five percent per annum.

LINE (57): Depreciation – Equipment

An allowance for the depreciation of equipment based on accepted accounting principles using the original acquisition cost and/or donated value of assets whose title is held by the center.

The straight line method should be applied in conformity with the useful lives stated in the American Hospital Association Chart of Accounts.

LINE (58): Donated Space

The imputed rental value of donated space determined by the valuation per square foot which reflects comparable costs in the area where the facility is located.

LINE (59): SUB-TOTAL FROM SCH D2 - Line 62

Sub-total from SCHEDULE D2. Detailed expenditures for items not covered in specific line items on Schedule D using appropriate allocation methods according to each item listed

LINE (60): (LESS) OFFSET TO EXPENSES

LINE (61): TOTAL SCHEDULE D1

CENTER FOR HEALTH INFORMATION AND ANALYSIS (CHIA)

Community Health Center Cost Report Instructions

SCHEDULE D2: STATEMENT OF OPERATING EXPENSES

For Schedule D2 use the allocation schedule to input statistics and use the drop down menu to show the methodology used for example square feet, units of service, direct and other (describe). Information provided in the statistics schedule will be an automatic feed into D2 and D1.

DONATED SALARIES/SERVICES/MATERIALS

NOTE: The value of donated salaries, services, materials and space **MUST** be recorded as an expense in the appropriate line item categories. Restricted donations **WILL** be offset in the determination of allowable cost. Failure to report the value of donations will reduce allowable cost. **DO NOT NET OUT DONATIONS.**

SCHEDULE F: STATISTICAL INFORMATION

Self Explanatory: Enter appropriate inputs based on center's unique experience. Follow instructions on schedule.

NOTE: UNDUPLICATED USER DATA IS REQUIRED. THE FORMAT FOR THIS DATA IS ON SCHEDULE F.

RECONCILIATION

The Reconciliation tabs are to assist with the completion and auditing process of the cost report. The specific cells sourced within the cost report are to be compared with the amounts within audited financials. Documentation for supporting the explanation of any variances, for example the Combining Sheets for multi- component organizations or Uniform Financial Reports (UFR), should be submitted with the cost report.

Reconciliation 1:

Total Revenue

Total Revenue as per the audited financials for the same fiscal year.

Net Patient Services Revenue (NPSR)

Total NPSR as per the audited financials for the same fiscal year.

Reconciliation 2:

Total Expense

Total Expense as per the audited financials for the same fiscal year.

Total Salaries

Total Salaries as per the audited financials for the same fiscal year.